



2003

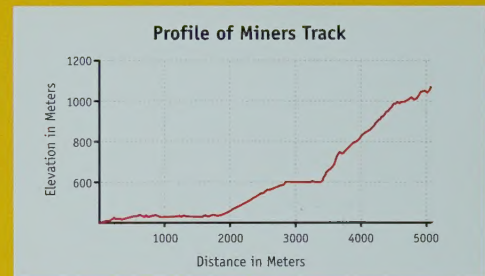
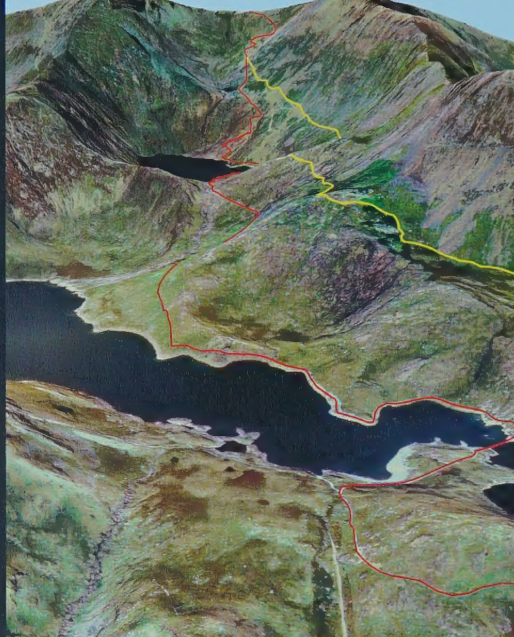
CORPORATE PROFILE

Our strong heritage of terrain elevation mapping and airborne radar experience makes Intermap Technologies Corporation the Company with the commercial capacity to meet world demand for highly-accurate, low-cost digital elevation models (DEMs). These include digital surface models (DSMs) and digital terrain models (DTMs), as well as cartographic products – vital to producing accurate base maps that drive a proliferation of Geographic Information Systems, Global Positioning and 3D visualization applications.

Working for governments and private industry worldwide, Intermap collects data with its proprietary airborne interferometric synthetic aperture radar (IFSAR) systems. They enable the Company to map large areas accurately, quickly and in overcast or dark conditions. We generate our products in highly automated facilities in North America and Europe using processes that meet ISO-9001 standards.

Our product accuracy has been independently validated by the US Army Corps of Engineers Topographic Engineering Center, the Institute of Navigation, Stuttgart University, NASA Stennis Space Center and many others.

Intermap has undertaken some of the world's largest mapping projects and has performed custom surveys and mapping projects in more than 85 countries. Our resale products cover a million square kilometers of the earth and are available at www.intermaptechnologies.com/products.htm.



Front Cover Image: Snowdonia, Wales, UK

"Bloody lovely." That's how OUTDOORSmagic.com member Alex Ford describes Misty Hill Terravizual, an interactive 3D hiking software package represented on our cover this year. It's an example of the diverse applications for Intermap products. In this case, a Getmapping plc air photo was draped over an elevation model from Intermap's NEXTMap Britain dataset.

The Misty Hill software transforms an ordinary personal computer into a virtual trail guide. When this particular scene is loaded, users can simulate various strategies for hiking the ridges and valleys of Snowdonia National Park, Wales. They can use the path vectors (shown in red and yellow) to check distances and test the ruggedness of particular routes, or to assess visibility by digitally adding mist and fog. The 3D landscape is fully georeferenced to the UK National grid coordinate system for cross-referencing to traditional paper maps. The Profile of Miners Track, above, provides relevant information on the elevation grade as well as trail distance.





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Going forward in 2004...

- *STAR-4 to be commissioned in Q2 – our best sensor yet (photo above)*
- *Organizational changes reflect a shift to the NEXTMap business model*
- *Continued development of the technical infrastructure will ensure sufficient capacity for NEXTMap USA*
- *Delivery on a \$1.4 million purchase of NEXTMap Britain data from the British Geological Survey and the National Assembly of Wales*
- *New NEXTMap Britain data for Scotland now available for sale*



Brian L. Bullock
President & Chief Executive Officer

PRESIDENT'S MESSAGE

- *\$26 million in new business*
- *Revenues up 51%*
- *Earnings of \$0.31 per share*
- *490,000 km² collected in 2003, a sixty percent gain over 2002*
- *Project areas spanning seven countries on three continents*
- *NEXTMap USA, we have begun to map the entire continental United States*
- *We are well on our way to building the world's only complete database of national map data*

The reason I have deep appreciation for Intermap shareholders is because you understand the promise of this Company. Therefore, it gives me particular pleasure to report that we made record deliveries on that promise in 2003 – and continue to look to a bright future.

Last year Intermap announced over \$26 million in new business, achieving growth of 51% for a record \$40.6 million in revenues. This dramatic return to profitability translated into earnings of \$0.31 per share.

More importantly, we proved the viability of our NEXTMap business model. We are creating an unprecedented digital database of highly accurate maps of important parts of the world, and then generating repeat sales through aggressive marketing and pricing. It started with Norwich Union Insurance. Norwich is using NEXTMap Britain data

for flood risk modeling, and is now investigating further applications for the data.

Since then, this strategy has absolutely excelled. We have penetrated a wide range of market niches, which include business, government, and the military – as well as applications for consumers. People in these and other sectors use our products in applications that include geographical information systems (GIS), engineering planning, transportation, navigation, irrigation, environmental management and planning, telecommunications network planning, aviation, simulation and 3D visualization. Some customers are even using our products to provide virtual tours, topographic maps and computer games on the Internet.

Here is what this activity has meant for Intermap: NEXTMap was completed in 17 months at a cost of approximately \$8 million. Within just eight months after completion we were at the break-even point and have a pipeline of additional potential sales for 2004 and beyond.

We also kicked off our NEXTMap Britain Internet sales in the last quarter of 2003. As expected, they are smaller in size, but, based on month-to-month trends, we are confident they will become an important revenue stream.

With the completion of Britain, our NEXTMap database totaled approximately 1.3 million km². By year-end, we accumulated a record amount of land data for a 12-month period. Our rate of data collection was increased by having our two aircraft utilized substantially at capacity during the year. We leased a third plane in Q4 to equip with our

STAR technology, which is scheduled to be in operation by the second quarter of 2004, further increasing our data collection capacity.

This utilization of our aircraft enabled Intermap to achieve a new Company record with 490,000 km² collected in 2003, which is a 60% gain over 2002. This level of productivity was accomplished despite our project areas spanning seven countries on three continents. We were even able to collect the first 120,000 km² of NEXTMap USA data.

As important as NEXTMap Britain is in its own right, it is even more important because of what it symbolizes for Intermap. This project exemplifies our ability to map entire nations. We have now begun to apply that ability to our biggest venture so far: NEXTMap USA. With this program, announced in Q4, we have begun to map the entire continental United States. Needless to say, it is an enormous undertaking. When it is done, we will have created 7.9 million km² (3.1 million mi²) of terrain elevation and imagery data accurate to 1 meter or better.

Intermap has been securing contracts from commercial and government customers to help fund the NEXTMap database build phase. Improvements in our acquisition management process will reduce our cost per square kilometer dramatically. We estimate that the cost per unit of data for NEXTMap USA will be approximately 70% less than it was with NEXTMap Britain.

The best news is that this endeavour is already underway, and it's generating revenue. In Q4, Intermap received its first purchase order for a digital elevation map of the State of Mississippi, valued at more than \$1 million. We also acquired NEXTMap USA data in California, West Virginia and Nevada. By the end of February 2004, we had placed approximately 121,000 km² into the NEXTMap USA database – a great start to a truly exciting program. By the end of 2004, our goal is to acquire over a million km² (386,000 mi²) of NEXTMap USA data.

What these numbers really add up to is the fact that, with NEXTMap, our Company is defining a new business model within our industry. We are well on our way to building the world's only complete database of national map data. Over time, we intend to become the de facto standard for digital mapping data for the G7 group of countries.

Of course this has meant some changes internally, to help us prepare for our new role. A NEXTMap Division was created under Eric DesRoche to focus on Intermap's growing NEXTMap programs, the resale of data and the development of new products for targeted markets. Quality Management, Project Management, Training and Data Validation were organized into a Customer Care Division under Garth Lawrence. Sales and Marketing were organized together under Michael Bullock.

Our technical infrastructure has kept pace with the administrative changes. For example, a much more advanced Inteferometric Processing System is now up and running at our Denver Processing Center, and improvements are being implemented in our Ottawa Processing Center that leverage off of the success with our SRTM production.

While we continue to build market appeal for our products, it is important to note that we have not forgotten our traditional clients either – and we will continue to foster those relationships.

I would also like to express my gratitude to our shareholders for their confidence in Intermap. We are building a valuable asset in the NEXTMap database, and a powerful model that, in time, will make Intermap a focal point in the mapping industry, increasing shareholder value for years to come.

Sincerely,



Brian L. Bullock
President & CEO

- *Nearly half a million km² collected in 2003 – up 60% over the previous year*
- *Greater resolution, more flexibility coming with STAR-4*
- *SRTM excellence nets additional work equal to 15% of the original contract*
- *Published the most comprehensive edition ever of the Intermap Product Handbook*
- *Acquired and enhanced viewing software; given away free with data purchases*

In December 2002, Intermap began acquiring data over several islands as part of its NEXTMap Indonesia program. By the end of January 2003, STAR-3j[®] was mapping the island of Sulawesi, which is 200,000 km². Intermap's TopoSAR system, mounted in a Rockwell Aero Commander aircraft, was also engaged in mapping portions of the country. Data Acquisition Services (DAS) did an excellent job handling the logistical challenges of operating two aircraft in Indonesia. The combined efforts resulted in 250,000 km² of data being acquired by mid-May – an area equivalent to the size of Great Britain.

NEXTMap Indonesia was a large part of the 490,000 km² collected in 2003, a 60% increase over the previous year and a Company record. This is significant because the collection areas were scattered across many different regions – Alaska, the continental US, Scotland, Belgium, France, Indonesia (twice), Taiwan, Solomon Islands and the Vanuatu Islands. This achievement is also important because it demonstrates we have the operational depth to

tackle NEXTMap USA. (In fact, 120,000 km² were collected in three different regions of the USA as part of Intermap's NEXTMap USA commitment.)

Intermap's workload at one point required the services of an additional Aero Commander aircraft to carry a second TopoSAR system. A suitable aircraft and crew were subcontracted in March to complete a project in Belgium and France.

We were particularly pleased to return to the United Kingdom in late 2003 to fly the remainder of the Scottish mainland and surrounding islands including the Orkneys and Shetlands. The acquisition was uneventful, but required a relatively large ground support crew of 18 to operate the network of GPS stations established throughout the country. This new data completes NEXTMap Britain coverage of all of England, Scotland and Wales. These data sets are all available for resale through Intermap's online data store.

"For the first time, end-users have access to a national terrain model which is detailed, accurate and bang up to date... NEXTMap Britain is an important step in dragging geographic data out of the specialist laboratory and making it available to everybody."

*Tristram Cary
Managing Director
Getmapping plc*

This volume of work had the potential to overwhelm our Denver Processing Center, which creates mapsheets from the data that comes off the aircraft. However, Intermap's Engineering team developed an automated Interferometric Processing (IP) system that relies on a new technology to improve efficiency and productivity. Key processes are now controlled by a database interface, making it far easier for the operator to start, track and perform quality checks on jobs that are in the system. Introduced in Q2, the installation of hardware and software was flawless and resulted in a stable system that increased the throughput fourfold with no additional staff. By the end of Q4, the center had caught up with the aircraft capacity. The Engineering team is developing additional automated features for the IP software, making it even more efficient. In fact, a new release was installed in Q1 2004.

After the data has been processed into mapsheets, it is sent to our Ottawa Processing Center, where the mapsheets are edited and finished. This is the most

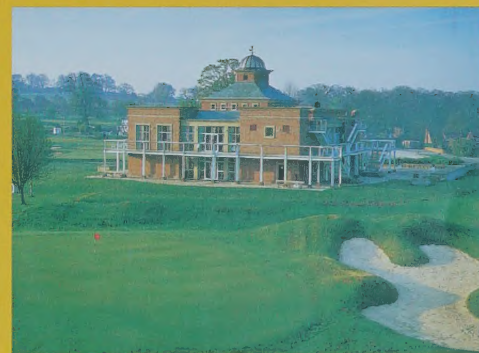


labor-intensive component of the production process. In particular, we were pressed to conclude NEXTMap Britain production by the end of May. We hired two subcontractors and marshaled our internal resources to produce 1,835 finished mapsheets on time and within specifications. The accomplishment makes it clear that Intermap is capable of meeting large and important commitments, and can ramp up the editing capacity sufficient for NEXTMap USA.

As part of that effort, our Engineering team, in conjunction with Boeing-Autometric, has been developing the Interferometric Editing System (IES). This system is

designed to streamline many aspects of editing and is built on technology the two companies created for editing mapsheets from NASA's Shuttle Radar Topographic Mission (SRTM).

IES will automatically classify certain features in each mapsheet and enable operators to accept or modify the work – rather than manually editing the data. We expect this will increase efficiency by no less than 30% over the current approach. IES will also provide database management and metrics, enabling the Company to effectively manage programs on the scale of NEXTMap USA.



Hawkstone Park, Shropshire County, England

The applications for Intermap's NEXTMap Britain elevation products are endlessly diverse. For Example, Tonick Watering, the UK's leading supplier of golf course watering systems, has produced highly detailed golf course plans using data from Intermap and Getmapping (left). Tonick is able to produce golf course maps that show all surface features and include the location of sprinklers, valves, drain points and cable/pipes runs. The contour plot shows surface elevation at 1 meter intervals. Rolling, verdant fairways and the Hawkstone Golf Centre are featured in the images above.





In addition to the strides made by our Engineering Team, the production facility in Ottawa was upgraded to workstations used for data editing.

Intermap's production facility in Wessling, Germany has played an important role in supporting both Engineering and Operations. All data acquired by the TopoSAR system is processed in this office. The full integration of the former Aero Sensing mapping company into Intermap's Wessling operation has been completed. Through technology investments in 2002 and 2003, the production capacity for TopoSAR data increased almost fourfold. With the addition

of ISO 9001 process documentation standards, the quality of data and associated schedules now matches the on-time performance of the Denver Processing Center.

Tremendous benefits and synergies have been achieved through the union of Intermap and Aero Sensing – as exemplified by the design and construction of our newest radar system called STAR-4. It is due to go into service during Q2 2004 and represents the next generation of our STAR technology. It will provide greater bandwidth for higher resolution and sharper imagery and is designed to be more fault-tolerant. STAR-4 can be maintained by the field crew

and is mounted on a King Air 200T aircraft. This platform will give Intermap new flexibility in matching the appropriate sensor to location or situation.

Early in the year, the Intermap Boeing-Autometric team ramped up their SRTM prototype system to meet client requirements. Intermap hired and trained 40 people to meet the delivery deadlines. We are pleased to report that we were consistently able to exceed delivery goals. As a result of this excellent performance, the firms received additional work equivalent to an increase of 15% of the original contract.



Shrewsbury, England, UK

Initial funding for Intermap's NEXTMap Britain project came from Norwich Union Insurance, which wanted to develop accurate flood-plain maps – such as the 1 in 50 year model shown in the adjacent image.

A DEM has been colorized to highlight specific elevations, with a radar image of Shrewsbury overlaid on the lower right portion of the image.



“[Intermap has] enthusiastically supported, guided and shared their expertise with us as we have started to explore the many exciting opportunities the NextMap Britain map presents for Norwich Union. With quality and customer service at the heart of their organization, it has been a privilege and a pleasure to be a part of this successful partnership.”

*Jill Boulton, GIS Manager
Norwich Union Insurance Limited*

In a significant development, Intermap compiled and published its most comprehensive Product Handbook ever. It describes the specifications for our three core products – orthorectified radar images, (ORIs), digital surface models (DSMs) and digital terrain models (DTMs). Aimed at potential clients, the Handbook also describes the principal geospatial applications these products support, including floodplain mapping and image rectification.

We have also identified several value-added and total solution products to meet future market opportunities. Visualization and simulation applications are particularly

interesting. Consumer markets such as tourism, recreational activities and location-based services are driving the demand for these products. The aviation industry and the military also have specific needs that are a good fit for these applications.

Identified as a barrier to the sale of Intermap's core product data and value-added services was the lack of an affordable yet intuitive software package to enable the user to quickly and easily connect with our products. We acquired and enhanced a software program called Global Mapper to address this issue. Global Mapper is now bundled

with all sales so clients can begin to work with our products as soon as they receive them.

Our NEXTMap Britain project and market studies revealed that customers would purchase data and products over the Internet. We continue to work on the design of our data archive and data store to deliver data online.

Throughout 2003, our Learning and Skills Development team provided training for our staff, as well as for 205 customer representatives in five countries. The feedback from several internal monitoring surveys contributed to positive changes in the Company's Quality Management system.



This NEXTMap Britain DEM brings contours to life inside McCarthy Taylor's LSS terrain modeling software.



"NEXTMap Britain has enabled us to develop new products, which we believe will greatly enhance the demand for this data within the large and lucrative leisure market. With over 25 million visitor days each year in the UK where walking is the primary activity, if only a small proportion of these visits resulted in the purchase of a 3D Walking Map or County fly-through CD then NEXTMap Britain will become a household name in no time at all."

*Nigel R Lorrigan
Sales Development Manager
McCarthy Taylor Systems Ltd*

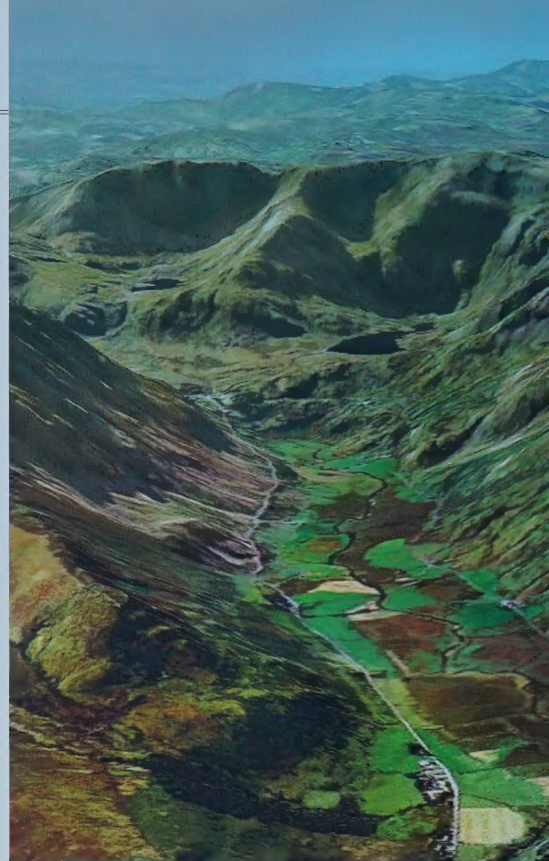
Sales Summary

The Sales Team had an excellent year in 2003, booking \$26 million in new business for Intermap. The sales in 2003 included some important milestones:

- The National Geospatial-Intelligence Agency (NGA, but formerly called NIMA) exercised all of the Intermap options for the SRTM program. This program will end up being among the most successful in Intermap's history.
- We have expanded the SRTM program to include a Void Fill project, which is an important value-add application.
- NEXTMap Britain direct sales included the Scottish Executive (\$0.9 million). Additional NEXTMap direct sales which slipped beyond the end of the 2003 fiscal year are expected to be awarded in the first and second quarters of 2004.
- NEXTMap Indonesia continued on a solid pace in 2003 with \$9.6 million added to the program.
- We added some important new customers in the US and in countries around the world.

While we were not able to close all of the NEXTMap USA subscriptions that had been planned, we still made tremendous progress in this key strategic area for Intermap:

- We successfully launched NEXTMap USA on October 28th in Charleston, South Carolina, generating a high degree of interest from clients and partners.



- We sold two large NEXTMap USA projects to map in West Virginia and Mississippi.

The Sales Team entered 2004 reorganized to focus additional effort on NEXTMap USA sales, while also continuing to book custom projects. Additional custom projects are expected in Southeast Asia and Alaska in 2004.



Bethesda, Wales, UK

Breathtaking views of England and Wales are now within the grasp of armchair pilots who own Microsoft Flight Simulator 2002/2004. Visual Flight sells this scenery upgrade, which uses Getmapping's Millenium Map draped over Intermap's NEXTMap Britain elevation models. In this scene, the pilot of a simulated helicopter cruises the Nant Ffrancon Valley in Wales, as it stretches to the southwest beyond Penrhyn Quarry at Bethesda. Visual Flight is published by Horizon (Simulation) Ltd.

Visual Flight
the worlds in flight simulator

horizon
simulation ltd

MANAGEMENT'S DISCUSSION & ANALYSIS

The following discussion and analysis should be read in conjunction with the Company's audited Consolidated Financial Statements for the year ended December 31, 2003, and accompanying notes included with the financial statements. All financial amounts are expressed in Canadian dollars unless otherwise stated.

About Intermap

Intermap Technologies Corporation provides digital mapping products and services and is building a global database of digital elevation models. Our digital maps are used in a wide range of applications including geographical information systems (GIS), engineering planning, transportation, automotive, navigation, flood, irrigation, environmental management and planning, telecommunications network planning, aviation, simulation and 3D visualization. The products are also used to add interactive intelligence to airborne and satellite images. Working for private industry and governments worldwide, Intermap's IFSAR radar systems map large areas accurately and quickly and can acquire data in overcast and dark conditions. Intermap generates maps, digital elevation models and orthorectified images from its proprietary airborne interferometric radar systems.

The Company continues to operate in one business segment: Digital Mapping Services.

Results of Operations

During 2003, Intermap continued to expand its NEXTMap plans to build a database of national map data by digitally mapping entire countries. During the year we completed our NEXTMap Britain project and launched NEXTMap USA, which we believe will become a significant revenue generator for the Company in the years to come.

The NEXTMap Britain project that was completed in early 2003 covered approximately 275,000 km² and included border-to-border coverage of England, Wales and Scotland. The project's completion occurred within 17 months of its inception and revenues exceeded the cost of the project within eight months of its completion. Costs capitalized under the project during the year totaled \$1.4 million and the net book value of the NEXTMap Britain data at year-end was \$3.6 million. New applications for the NEXTMap Britain data continue to emerge and we are confident that additional revenues from the database will be recognized over a period of several years.

In late 2003, we announced the commencement of the NEXTMap USA project, the largest NEXTMap project to date. Early data acquisition included blocks of data in California, Nevada, West Virginia and Mississippi. The program calls for the remapping of the entire continental United States, building on the successes of the NEXTMap Britain project. It includes the creation of terrain elevation and imagery data accurate to 1 meter or better covering nearly eight million km² of the United States. Costs capitalized under the project during the year totaled \$1.2 million and the net book value of the data at year-end was \$1.0 million. We estimate the total cost of the project to be approximately \$100 million. The funding of the project is expected to occur through a combination of customer data sales from the project, ongoing operations, equipment lease financing and through funds generated through the issuance of additional securities of the Company. The NEXTMap USA project will continue to ramp up as we plan to collect approximately one million km² of data during 2004 with expected completion of the project within four to six years.

The planning for the NEXTMap USA project was initially developed internally and was then reviewed by a separate committee of the Company, and finally by an independent third party consulting firm experienced in the GIS marketplace. The results of these reviews showed the plan to be feasible and with sound overall project economics. The project is likely to have reduced costs resulting from both technology advances and efficiencies learned from the Company's mapping of prior large areas, including NEXTMap Britain. The plan is to build a broad base of customers for the NEXTMap USA data by securing contracts from commercial and governmental entities that will partially fund the building of the database. Because of the project's overall size, a region-by-region rollout plan was developed to efficiently acquire data and maximize the potential for early re-sale opportunities. However, the Company will be sensitive to its customers' requirements and will make every attempt possible to incorporate their needs into the overall data acquisition plans.

Our fee-for-service business is the primary source of revenue for Intermap, although we believe revenues from our NEXTMap databases will continue to increase and become a growing percentage of overall revenues in future periods. Fee-for-service revenue can be sporadic as a result of the timing and amounts of governmental funding, as well as the priorities of those governmental entities. Accordingly, our fee-for-service contract backlog at the end of 2003 was at a decreased level compared with the end of 2002, but with the expectation that the overall fee-for-service backlog will increase prior to mid-year 2004.

During 2003, we completed the acquisition of approximately 490,000 km² of data, a 60% increase over the prior year. Of the 490,000 km², 176,000 km² was for NEXTMap related projects. Data under our NEXTMap projects is capitalized and amortized over a set period of time and against revenues recognized. Data acquired under commercial contracts is not capitalized and is therefore reported as cost of sales in the consolidated statements of operations.

In early 2003, Intermap began development of the fourth generation of its proprietary STAR radar technology (STAR-4) for integration into a King Air 200T aircraft. The upgrade takes the best of the Company's STAR-3i and TopoSAR technologies and repackages them into an easier to maintain, line-replaceable system. STAR-4 maintains its predecessor's maximum vertical accuracy of 30 centimeter and 1.25 meter image pixel size; however, bandwidth has been doubled in the upgrade. The bandwidth increase allows for twice the number of looks, which provides an overall enhancement of the resulting image quality. The King Air platform was chosen for its low cost, its versatility with smaller airports and the world-wide availability of parts and maintenance centers. The STAR-4 King Air system is expected to be completed and in service during the first half of 2004. The costs capitalized under this project totaled \$1.6 million and \$2.6 million for the fourth quarter and for the fiscal year, respectively.

At December 31, 2002, the Company had 10,604,246 issued Class A common shares. During the year, options on 6,316 shares were exercised and 28,062 shares were issued pursuant to a Directors compensation agreement. These transactions resulted in a total of 10,638,624 shares being issued at December 31, 2003. The Company is contemplating an issuance of its securities during the first quarter of 2004 pursuant to a best efforts private placement offering. The amount of the offering is expected to range between \$15 million and \$20 million with proceeds to be used for the building of its NEXTMap USA project and for general working capital purposes.

Revenue

For the fourth quarter ended December 31, 2003, revenues were \$8.2 million compared to \$10.7 million in the previous fourth quarter. The decrease in revenues resulted principally from a decline in the amount of work performed on commercial fee-for-service mapping programs during the period.

For the year ended December 31, 2003, revenues were \$40.6 million compared to \$26.9 million in the previous year, representing an increase of 51%. The increase in revenues

reflects the increase in work available and dedicated to commercial fee-for-service mapping programs during 2003. In early 2002, revenue generation was negatively impacted as data acquisition efforts were slowed by operational and equipment issues associated with the implementation of the Company's new STAR-3i 1 meter technology, as well as unusually high wind and turbulence conditions that negatively affected the Company's ability to efficiently utilize its airborne data acquisition aircraft in the United Kingdom.

In 2003, \$22.2 million of total revenues were generated from a governmental fee-for-service contract, \$9.4 million from the Company's SRTM development and production contracts, \$4.0 million in conjunction with two data acquisition projects in the South Pacific and Alaska and \$2.0 million from the resale of NEXTMap Britain data. The balance of the revenues was from an assortment of fee-for-service data acquisition and production programs.

In 2002, \$5.0 million of total revenues were generated from the acquisition and re-sales of NEXTMap Britain data, \$2.7 million from the Company's SRTM development and production contracts and the balance of the revenues coming primarily from a variety of fee-for-service data acquisition and production programs.

During 2003, revenues were negatively impacted by losses from currency exchange resulting largely from the decline in value of the US dollar as denominated against the Canadian dollar. During the year, the US dollar lost approximately 18% of its value against the Canadian dollar. The net losses from currency exchange for the three-month period ending December 31, 2003, totaled \$0.2 million and for the 12-month period totaled \$1.5 million. Any currency exchange gains or losses are netted against recorded revenues.

Over the course of the year, the Company took steps to reduce the level of net assets carried on its balance sheet in US dollars, effectively producing a natural currency hedge. These steps included the conversion of certain long-term debt instruments from Canadian dollar to US dollar denominations.

Gross Margin

Gross margins were 64% in the fourth quarter of 2003 compared to 53% in the same period in 2002, and 58% for the year ended 2003 compared to 52% for 2002. The increase in gross margins for the quarter resulted from production efficiencies recognized during the quarter on a large fee-for-service production program and from an increased mix of high margin contracts to total revenues recognized. The increase in gross margins for fiscal 2003

compared to 2002 resulted from an increase in the volume of commercial work performed during the year. The increased work volume and investments in technology provided operational efficiencies in both the data acquisition and data processing areas of the Company. In 2002, increased data acquisition costs incurred in the NEXTMap Britain program were also a factor in the positive changes reflected in the comparative 2002 to 2003 gross margins. These positive changes in fiscal 2003 were partially offset by the foreign exchange losses discussed in the revenue section above.

Selling, General and Administrative

All indirect expenses of the Company are included in this category, including production and operations overhead, unfunded research and development, engineering costs, Istore (Intermap's online data store) database infrastructure costs, advertising, sales, marketing, finance and administrative costs.

Selling, general and administrative (SG&A) expenses totaled \$3.6 million (44.5% of revenues) in the fourth quarter of 2003 compared to \$3.5 million (33.7% of revenues) in the fourth quarter of 2002. For the fiscal year 2003, SG&A expenses were \$14.8 million (36.4% of revenues) compared to \$11.3 million (42.0% of revenues) in 2002.

The total consolidated headcount for the Company increased to 216 at December 31, 2003, compared to 207 at December 31, 2002 and 114 at the beginning of 2002. The increases in personnel were necessary to support the Company's increasing volume of business. Indirect salaries for the fourth quarter of 2003 did not change significantly when compared to the fourth quarter of 2002. For fiscal year 2003, indirect salaries increased by approximately \$876,000 over fiscal 2002 as a result of the general increase in levels of personnel employed during 2003 compared to 2002.

During the fourth quarter of 2003, profit driven bonuses and stock compensation expenses totaled approximately \$115,000 and for fiscal 2003 totaled approximately \$471,000. No corresponding expenses were incurred during the same periods in 2002 because the Company was not profitable.

During the fourth quarter of 2003, insurance expense, including the insurance of accounts receivable, increased by approximately \$43,000 compared to the same period in 2002, driven primarily from costs directly related to the acquisition of a new aircraft. For the year ended

December 31, 2003, insurance expense increased by approximately \$391,000 over fiscal 2002, reflecting an overall increase in the cost of liability and accounts receivable insurance.

Professional fees related to audit, tax and legal work also increased by approximately \$210,000 for fiscal 2003 compared to fiscal 2002. These increases were due primarily to increased accounting quarterly review expenses, foreign entity legal expenses and regulatory requirements. During fiscal 2002, the Company did not engage its outside accounting firm to review its quarterly financial statements. The decision to implement quarterly reviews during 2003 was driven by the Audit Committee's desire to take a pro-active position regarding the changing environment in corporate governance.

For the fourth quarter 2003, consulting fees decreased by approximately \$262,000 compared to the fourth quarter of 2002. For fiscal 2003, consulting fees increased by approximately \$376,000 compared to 2002. The fiscal year increases were driven from third party market studies commissioned by the Company to align its current mapping and corporate structure capabilities with future opportunities and requirements, including the Company's developing NEXTMap programs.

For the fourth quarter and year ended in 2002, recoveries against SG&A expenses totaling approximately \$153,000 and approximately \$542,000, respectively, were recognized. These amounts were originally established as liabilities arising from an agreement entered into with IITC Holdings Ltd. No corresponding recoveries were recorded in 2003.

Capitalized Costs

The Company, as part of its NEXTMap strategy, applies a consistent capitalization policy to mapping data acquisition programs initially performed at less than full recovery rates and where future resale and royalty revenues are reasonably anticipated. In the fourth quarter of 2003, \$790,000 and \$150,000 (2002 - \$373,000 and \$325,000) of costs were capitalized or deferred from cost of sales and SG&A expenses, respectively, in conjunction with the Company's NEXTMap Britain and other NEXTMap programs.

For the year ended December 31, 2003, \$1.8 million and \$0.7 million (2002 - \$3.1 million and \$1.2 million) of costs were capitalized or deferred from cost of sales and SG&A expenses, respectively, in conjunction with the Company's NEXTMap programs.

Resales of the NEXTMap Britain data began to occur in late 2002 and accordingly, amortization of capitalized costs commenced in the fourth quarter of 2002. Amortization is applied

against these and future resales over the estimated useful lives of the data. The carrying value of mapping data is assessed for impairment at each balance sheet date.

Interest Expense

Interest expense incurred in the fourth quarter of fiscal 2003 totaled \$106,000, compared to \$117,000 in the same quarter of 2002. The decrease was directly attributable to a reduced average loan balance in a bank operating facility held by the Company. For fiscal 2003, interest expense was \$548,000, compared to \$315,000 in 2002. This increase was attributable to increased levels of operating loans, capital leases and long-term debt utilized by the Company during 2003.

Depreciation and Amortization

For the fourth quarter of 2003, depreciation and amortization expenses increased by \$391,000 over the same period in 2002, and for fiscal 2003 the increase was \$2.1 million over fiscal 2002. The increase in depreciation and amortization is the result of the commencement of depreciation and amortization on assets acquired in the latter part of 2002 and throughout 2003, including airborne systems, computing hardware and software and the amortization of NEXTMap Britain data, which commenced in the fourth quarter of 2002.

Gain on Sale of Capital Assets

A gain on sale of equipment amounting to \$13,000 and \$63,000 was recorded in 2003 and 2002, respectively. These gains were related to the sale of surplus mapping equipment owned by the Company.

Income Tax

The Company did not reflect any significant taxes payable in either of 2003 or 2002 as a result of the application of prior year loss carry-forwards being applied against income earned in the United States and Canada.

The benefit of unused tax losses has not been recognized in the financial statements as the potential benefit has been offset by a valuation allowance.

Liquidity and Capital Resources

Cash Position

The Company's cash position (cash and cash equivalents), was \$1.5 million at December 31, 2003, compared to \$2.9 million at December 31, 2002. Current assets at December 31, 2003 were \$11.5 million compared to \$16.5 million at December 31, 2002. The Company's working capital decreased from \$5.7 million at December 31, 2002, to \$5.1 million at December 31, 2003.

In 2002, the Company secured commercial banking facilities in the form of an additional term loan amounting to approximately \$1.5 million and an operating facility of up to \$3.0 million. A temporary increase in this facility to \$4.5 million was obtained in the second quarter of 2003 and was subsequently repaid in July 2003. The \$3.0 million operating facility was utilized in the amount of \$1.2 million as of December 31, 2003.

For fiscal year ended December 31, 2003, cash generated by operations was \$9.7 million compared to cash used by operations of \$4.5 million for 2002.

Financing activities used \$3.4 million of cash in fiscal 2003 as the Company repaid bank loans, term debt and capital leases. In fiscal 2002 the Company received an amount of \$3.8 million as net proceeds from bank loans, long-term debt and capital leases. In fiscal 2002, the Company raised \$11.5 million from the issuance of Common shares, net of issuance costs.

During fiscal 2003, \$7.8 million was used to acquire capital assets compared to \$10.4 million in 2002. Assets acquired in 2002 related to the purchase of an aircraft and radar system, the acquisition of mapping data (primarily NEXTMap Britain for future resale), the upgrading of the Company's proprietary airborne radar system and the acquisition of software, processing assets and leasehold improvements. Assets acquired during 2003 consisted primarily of aircraft and radar upgrades, the acquisition of mapping data and additional storage and processing capacity to accommodate increased volumes of data.

The Company believes that its cash position as of December 31, 2003, together with anticipated cash flows from operations and the establishment of additional bank financing, will provide sufficient funds to meet its operating and capital expenditure requirements for at least the next 12-month period. The Company is in the process of expanding its bank financing line of credit opportunities with an anticipated completion date prior to the end of the first quarter, 2004.

Accounts Receivable and Unbilled Revenue

The Company performs work offered under tender conditions that provide for cash payments upon the completion of certain milestones. While the Company makes efforts to schedule payments on contracts in accordance with work performed, the completion of milestones can be subject to delay – sometimes due to circumstances beyond the Company's control.

Trade accounts receivable and unbilled revenue, net of deferred revenue, decreased from \$12.0 million at December 31, 2002, to \$9.5 million at December 31, 2003, as a result of decreased revenue levels in the fourth quarter of 2003 compared to those in the fourth quarter of 2002 and in conjunction with specific project billing milestones on current commercial programs. These amounts represent 105 days sales both at December 31, 2002, and at December 31, 2003.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities decreased to \$4.2 million at December 31, 2003, from \$5.4 million at December 31, 2002, with reduced levels of trade payables being partially offset by increased levels of operating and payroll accruals.

Capital Lease Obligations and Long-term Debt

Capital Lease obligations and long-term debt in the aggregate amounted to \$3.1 million at December 31, 2003, compared to \$5.0 million at December 31, 2002. Of this reduction, \$583,000 resulted from the repayment the Company's 8.5% convertible debenture at maturity in May 2003, with the balance of the reduction being attributable to principal repayments and the impact of foreign exchange on outstanding capital leases and debt instruments.

Long-term debt decreased to \$2.5 million at December 31, 2003, from \$4.1 million at December 31, 2002. The reductions in long-term debt during 2003 were the result of standard principal repayments on outstanding debt with no new significant long-term debt added during 2003.

Risks and Uncertainties

Operating Results

The Company's reported operating results have been, and will continue to be, subject to quarterly and other fluctuations as a result of several factors including, among other things, changing market conditions, individual contract pricing, changes in pricing policies by competitors and/or suppliers; the availability and cost of the materials and services from suppliers; the addition or loss of significant customers, customer demand; new product introductions by the Company or its competitors; and, changes in the sales mix both of products sold and the geographic regions where such products are sold.

Foreign Operations

Sales to customers in some foreign countries are subject to risks, including the risk that agreements may be difficult to enforce and receivables may be difficult to collect. The Company attempts to mitigate these risks by contracting only with creditworthy counterparts. During 2003 and 2002, the Company insured certain of its foreign accounts receivable and work in progress with the Canadian Export Development Corporation against political and client risk.

Dependence on Key Personnel

The Company's business is dependent upon its ability to attract, retain and motivate highly skilled persons. Competition for qualified personnel is intense. The Company encourages participation in the success of the Company through profit-related incentives and stock ownership.

Foreign Exchange

While most of the Company's revenues are contracted and earned in US dollars, costs are incurred in US dollars, Canadian dollars and in Euros. Changes in the relationship of these currencies can have an effect on the overall earnings of the Company.

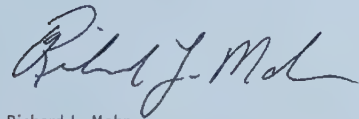
The accompanying financial statements of Intermap Technologies Corporation and all the information in this annual report are the responsibility of the Company's management. The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles. Management has prepared the financial information presented elsewhere in this annual report and has ensured that it is consistent with the financial statements.

Management maintains appropriate systems of internal control that provide reasonable assurance that assets are adequately safeguarded and that the financial reports are sufficiently well maintained for the timely preparation of the consolidated financial statements.

The Audit Committee, all of which are non-management directors, is appointed by the Board of Directors. The Committee has reviewed these statements with the Auditors and management, and has reported to the Board of Directors. The Board of Directors has approved the financial statements of the Company, which are contained in this report.



Brian L. Bullock
President & Chief Executive Officer



Richard L. Mohr
Senior Vice President & Chief Financial Officer

We have audited the consolidated balance sheets of Intermap Technologies Corporation as at December 31, 2003 and 2002 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Ottawa, Canada
February 13, 2004

CONSOLIDATED BALANCE SHEET

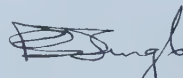
As at December 31,	2003	2002
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,547,240	\$ 2,963,140
Amounts receivable	4,268,111	4,455,134
Unbilled revenue	5,402,100	8,759,678
Prepaid expenses	270,113	339,766
	11,487,564	16,517,718
Property and equipment (note 4)	18,864,365	15,898,554
Future income taxes (note 10)	25,633	32,836
Long-term investments	520,000	640,000
Deferred financing charges	10,203	28,183
	\$ 30,907,765	\$ 33,117,291
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank loan (note 5)	\$ 1,155,849	\$ 2,650,000
Accounts payable and accrued liabilities	4,208,335	5,434,971
Deferred revenue	130,723	1,221,433
Current portion of capital lease obligations (note 6)	375,460	361,966
Current portion of long-term debt (note 7)	545,058	1,172,313
	6,415,425	10,840,683
Capital lease obligations (note 6)	131,639	527,636
Long-term debt (note 7)	2,026,703	2,889,548
Shareholders' equity:		
Share capital (note 8)	33,009,963	32,911,192
Contributed surplus (note 8(c))	123,780	-
Deficit	(10,799,745)	(14,051,768)
	22,333,998	18,859,424
Going concern (note 2(a))		
Commitments (note 9)		
	\$ 30,907,765	\$ 33,117,291

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Brian L. Bullock
Director



Richard O. Tingle
Director

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

Years ended December 31,	2003	2002
Sales	\$ 40,555,739	\$ 26,903,463
Cost of sales	17,052,266	12,909,594
Gross margin	23,503,473	13,993,869
Expenses:		
Selling, general and administration	14,752,878	11,289,376
Interest	548,043	315,626
Depreciation of property and equipment	4,895,649	2,801,927
Debenture conversion costs (note 7(c))	—	1,184,924
	20,196,570	15,591,853
	3,306,903	(1,597,984)
Gain on sale of property and equipment	13,429	62,476
Net earnings (loss) before income taxes	3,320,332	(1,535,508)
Income tax (note 10):		
Current expense	68,309	107,836
Future recovery	—	(32,836)
	68,309	75,000
Net earnings (loss)	3,252,023	(1,610,508)
Deficit, beginning of year	(14,051,768)	(12,364,805)
Dividends on preferred shares (note 8(b))	—	(76,455)
Deficit, end of year	\$ (10,799,745)	\$ (14,051,768)
Earnings (loss) per share (note 8(d)):		
Basic	\$ 0.31	\$ (0.21)
Fully diluted	\$ 0.30	\$ (0.21)
See accompanying notes to consolidated financial statements.		

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,	2003	2002
Cash and cash equivalents provided by (used in):		
Operations:		
Net earnings (loss)	\$ 3,252,023	\$ (1,610,508)
Items not involving cash:		
Depreciation of property and equipment	4,895,649	2,801,927
Amortization of deferred financing charges	17,980	12,000
Compensation expense	211,765	-
Gain on sale of property and equipment	(13,429)	(62,476)
Future income tax	7,203	(32,836)
Change in non-cash operating working capital	1,296,908	(5,592,917)
	9,668,099	(4,484,810)
Financing:		
Issuance of common shares	10,786	12,464,461
Security issuance costs	-	(1,035,866)
Proceeds from long-term debt	-	1,525,013
Repayment of long-term debt	(1,490,100)	(246,152)
Proceeds from (repayments of) bank loan	(1,494,151)	2,650,000
Repayment of obligations under capital lease	(432,365)	(100,775)
	(3,405,830)	15,256,681
Investments:		
Purchase of property and equipment	(7,811,598)	(10,362,487)
Proceeds on disposal of property and equipment	13,429	76,455
Proceeds on disposal of long-term investments	120,000	-
	(7,678,169)	(10,286,032)
Increase (decrease) in cash and cash equivalents	(1,415,900)	485,839
Cash and cash equivalents, beginning of year	2,963,140	2,477,301
Cash and cash equivalents, end of year	\$ 1,547,240	\$ 2,963,140
Supplemental cash flow information:		
Interest paid	\$ 524,543	\$ 323,691

Cash and cash equivalents include deposits with financial institutions that can be withdrawn without prior notice or penalty, and short-term deposits with an original maturity of ninety days or less.

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2003 and 2002

1. Incorporation:

Intermap Technologies Corporation (the "Company") is incorporated under the laws of Alberta, Canada. The Company collects data with its airborne interferometric synthetic aperture radar system, which is used to develop highly accurate low cost digital evaluation models.

2. Summary of significant accounting policies:

(a) Going concern:

These financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles.

The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not give effect to any adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize on its assets and discharge its liabilities and commitments at amounts different from those reported in the financial statements.

(b) Basis of consolidation:

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Intermap Technologies Inc. and Intermap Federal Services Inc. both US corporations, and Intermap Technologies GmbH a German corporation. All material intercompany transactions and balances have been eliminated.

(c) Use of estimates:

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from these estimates. Significant management estimates include the recoverability of accounts receivable, net recoverable amount of property and equipment and estimates of final costs to complete under the percentage of completion method.

(d) Revenue recognition:

Revenue from fixed price contracts is recognized using the percentage of completion method, based on the ratio of costs incurred to date over estimated final costs. The Company recognizes revenue on consulting contracts as time is expended or as costs are incurred. Billings in excess of revenues are reflected as deferred revenue. Revenue recognized in excess of billings is recorded as unbilled revenue.

(e) Property and equipment:

Property and equipment are recorded at cost. Expenditures for maintenance, repairs and minor renewals are charged to operations when incurred. The cost of aircraft overhauls is depreciated over the period until the next overhaul. Depreciation is provided on the straight-line basis over the useful lives of the assets.

Assets	Rate
Aircraft	10%
Mapping equipment and software	33%
Radar equipment	20%
Intellectual property	20%
Furniture and fixtures	20%
Mapping data	20%
Automobile	20%
Leasehold improvements	Term of lease

Mapping software under development is not depreciated until it is available for use by the Company. Software development costs are capitalized provided that in the Company's view their recoverability can reasonably be regarded as assured.

As the Company acquires mapping data to which it retains resale rights, it capitalizes certain costs, provided that in the Company's view recoverability can reasonably be regarded as assured. Depreciation of amounts capitalized commences with the market release of data and is provided over the estimated useful lives of the assets.

(f) Leases:

Leases are classified as either capital or operating in nature. Capital leases are those which substantially transfer the benefits and risks of ownership to the lessee. Assets acquired under capital leases are depreciated at the same rates as those described in note 2(e). Obligations recorded under capital leases are reduced by the principal portion of lease payments. The imputed interest portion of lease payments is charged to expense.

(g) Foreign currency translation:

Monetary items denominated in a foreign currency are translated to Canadian dollars using the year-end exchange rate. Other balance sheet items are translated at historical exchange rates. Revenues and expenses are translated at rates in effect at the time of the transactions.

Monetary assets and liabilities of integrated foreign operations are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary items are translated at historic

exchange rates. Operating revenues and expenses are translated at average exchange rates prevailing during the period.

Foreign exchange gains and losses are included in the statement of operations.

(h) Long-term investments:

Long-term investments are recorded at cost and represent investments in privately held companies over which the Company exercises no control or significant influence. These investments are written down to their estimated realizable value when there is a permanent decline in the value of the investment.

(i) Deferred financing charges:

The cost of obtaining long-term financing is deferred and amortized on a straight-line basis over the term of the financing. The amortization of these charges is included in interest expense.

Income taxes:

Income taxes are accounted for under the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs.

Earnings per share:

Basic earnings per share is computed by dividing net earnings after deducting preferred share dividends, by the weighted average shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings per share except that the preferred share dividends are added back to net earnings and the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options, conversion of preferred shares and accrued dividends, and conversion of 8.5% convertible debentures, if dilutive. The number of additional shares for stock options is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period. The preferred shares and accrued dividends are assumed to be converted at the beginning of the year based on their stated terms.

Stock-based compensation:

Compensation cost is recorded for the fair value of stock-based compensation awarded to non-employees. No compensation cost is recorded for stock-based employee compensation awards. Consideration paid by employees on the exercise of stock options is recorded as share capital. The Company discloses the pro forma effect of accounting for these awards under the fair value based method (Note 3).

3. Change in accounting policy:

Effective January 1, 2002, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for stock-based compensation and other stock-based payments. The new recommendations are applied prospectively to all stock-based payments to non-employees, and to employee awards that are direct awards of stock, call for settlement in cash or other assets, or are stock appreciation rights that call for settlement by the issuance of equity instruments, granted on or after January 1, 2002.

4. Property and equipment:

	Cost	Accumulated depreciation	Net book value
2003			
Aircraft	\$ 5,881,294	\$ 2,767,384	\$ 3,113,910
Mapping equipment and software	11,847,449	7,978,164	3,869,285
Radar equipment	7,202,443	3,831,652	3,370,791
Intellectual property	665,800	599,220	66,580
Furniture and fixtures	266,766	196,073	70,693
Mapping data	8,775,961	3,948,224	4,827,737
Automobile	46,360	10,192	36,168
Leasehold improvements	251,181	192,050	59,131
Assets under Construction:			
Mapping equipment and software	1,292,771	–	1,292,771
Radar equipment	2,157,299	–	2,157,299
	\$ 38,387,324	\$ 19,522,959	\$ 18,864,365

	Cost	Accumulated depreciation	Net book value
2002			
Aircraft	\$ 5,564,255	\$ 2,245,728	\$ 3,318,527
Mapping equipment and software	9,908,011	6,067,430	3,840,581
Radar equipment	6,911,828	3,037,226	3,874,602
Intellectual property	665,800	599,220	66,580
Furniture and fixtures	216,510	177,139	39,371
Mapping data	6,187,805	2,401,032	3,786,773
Leasehold improvements	251,181	100,191	150,990
Leased assets	–	–	–
Assets under Construction:			
Mapping equipment and software	654,868	–	654,868
Radar equipment	166,262	–	166,262
	\$ 30,526,520	\$ 14,627,966	\$ 15,898,554

During the year, property and equipment was acquired at an aggregate cost of \$7,861,460, (2002 - \$11,198,845), of which \$49,862 (2002 - \$836,357) was acquired by means of capital leases. Cash payments of \$7,811,598 (2002 - \$10,362,487) were made to purchase property and equipment.

5. **Bank loan:**

The bank loan is for general operating purposes with interest payable monthly at the rate of bank prime plus 0.75%. The principal is payable on demand and is secured by a general security agreement.

6. **Obligations under capital lease:**

Future minimum capital lease payments as at December 31, 2003 are:

	2003	2002
2003	\$ —	\$ 450,666
2004	406,124	414,466
2005	147,568	160,142
2006	1,812	—
Total minimum lease payments	555,504	1,025,274
Less amount representing interest (at rates ranging from approximately 8.3% to 15.7%)	48,405	135,672
Present value of minimum lease payments	507,099	889,602
Less current portion of obligations under capital lease	375,460	361,966
	\$ 131,639	\$ 527,636

7. **Long-term debt:**

	2003	2002
Bank term loan (a)	\$ 990,840	\$ 1,525,013
Term loan (b)	1,580,921	1,953,848
8.5% convertible debentures (c)	—	583,000
Outstanding, end of year	2,571,761	4,061,861
Less current portion	545,058	1,172,313
Long-term debt	\$ 2,026,703	\$ 2,889,548

(a) In October 2002, the Company received a term loan from a Canadian bank in the amount of \$1,000,000 US. The loan is repayable in monthly instalments of principal \$16,667 US over a term of 60 months expiring on October 11, 2007. The loan bears interest at a rate of the banks leasing base rate plus 1.75%, and is secured by a general security agreement. The aircraft owned by the Company is listed as collateral under the general security agreement.

(b) In December 2001, the Company increased its term loan obligation with a Canadian financing company by \$617,879 to an amount of \$2,200,000. During the current year, the Company converted the loan from a Canadian dollar denominated loan to a US dollar denominated loan. The loan is repayable in monthly installments of principal and interest of \$28,488 US over a term of 60 months expiring on December 15, 2006, at which point the remaining balance of \$480,600 US is due. The loan bears interest at a rate of 10.69% and is secured by a general security agreement. The aircraft owned by Intermap Technologies Inc. is listed as collateral under the general security agreement.

(c) During the year ended December 31, 2002, debentures in the amount of \$7,170,000 were converted in exchange for 1,912,003 Class A common shares. The Company offered an incentive in the form of a one-time cash payment to convert the debenture early. The costs of the debenture conversion incentive amounted to \$1,184,924 and were recorded as an expense in the year ended December 31, 2002.

Principal repayments of long-term debt are as follows:

2004	\$ 545,058
2005	577,240
2006	1,234,110
2007	215,353
	\$ 2,571,761

8. **Share capital:**

(a) **Authorized:**

The authorized share capital consists of an unlimited number of Class A common shares and an unlimited number of Class A participating preferred shares (the "preferred shares"). The preferred shares have a fixed cumulative dividend of 8.5% per annum which will be paid, at the option of the Company, either in cash or Class A common shares at such time as the preferred shares are redeemed or converted into Class A common shares. The preferred shares are convertible into Class A common shares on a share for share basis at the holder's option until March 1, 2005.

(b) Issued:

	Number of shares	2003 Amount	Number of shares	2002 Amount
Class A common shares:				
Balance, beginning of year	10,604,246	\$ 32,911,192	3,904,540	\$ 10,467,453
Exercise of options for cash	6,316	10,786	166,987	427,214
Directors compensation	28,062	87,985	-	-
Conversion of debenture	-	-	1,912,003	7,170,000
Conversion of Class A preferred shares	-	-	1,238,791	4,009,278
Conversion of special warrants	-	-	2,500,000	10,000,000
Exercise of warrants for cash	-	-	881,925	2,037,247
Security issuance costs	-	-	-	(1,200,000)
	10,638,624	\$ 33,009,963	10,604,246	\$ 32,911,192
Class A preferred shares:				
Balance, beginning of year	-	-	1,065,247	3,932,823
Cumulative dividend accrual	-	-	-	76,455
Conversion to Class A common shares	-	-	(1,065,247)	(4,009,278)
	-	-	-	-
Special warrants:				
Balance, beginning of year	-	-	-	-
Issued for cash	-	-	2,500,000	10,000,000
Conversion to Class A common shares	-	-	(2,500,000)	(10,000,000)
	-	-	-	-
		\$ 33,009,963		\$ 32,911,192

During 2003, Directors of the Company received 28,062 Class A common shares as compensation, which were issued at fair market value.

The agents of the Private Placement completed in April 2002 have been issued an aggregate of 375,000 Agents Warrants exercisable into an equal number of Agents Options, each of which in turn, upon payment of \$4.00, may be exercised into one Class A common share until April 11, 2004.

At December 31, 2003, 375,000 Agents Warrants are outstanding.

(c) Contributed surplus:

December 31	2003	2002
Balance, beginning of year	\$ -	\$ -
Additions in the period	123,780	-
	\$ 123,780	\$ -

On May 16, 2003 at the Company's annual general meeting, a resolution was passed which authorized the directors to provide a compensation arrangement to Mr. Brian L. Bullock, which would issue to him 250,000 Class A common shares on August 31, 2007 upon the fulfillment of specified conditions contained in an escrow agreement. The shares had a market value of \$3.40 per share at May 16, 2003.

(d) Earnings (loss) per share:

The calculation of the earnings (loss) per share is based upon the weighted average number of Class A shares outstanding. Where the impact of the conversion of the debenture or preferred shares, or the exercise of options or warrants is anti-dilutive, they have not been included in the calculation of fully diluted earnings per share.

Years ended December 31	2003	2002
Net earnings (loss)	\$ 3,252,023	\$ (1,610,508)
Less: preferred share dividends	-	-
Net earnings (loss) for basic earnings per share calculation	3,252,023	(1,610,508)
Add debenture interest	19,958	-
Net earnings (loss) for fully diluted earnings per share calculation	\$ 3,271,981	\$ (1,610,508)
Weighted average number of common shares - basic	10,617,093	7,622,261
Effect of dilutive Agents Warrants	375,000	-
Effect of dilutive convertible debentures	62,613	-
Weighted average number of Class A common shares - diluted	11,054,706	7,622,261
Basic	\$0.31	\$(0.21)
Fully diluted	\$0.30	\$(0.21)

(e) Stock option plan:

The Company has established a stock option plan to provide long-term incentives to attract, motivate and retain certain key employees, officers and directors of, and consultants providing services to, the Company. Under the terms of the Plan, the maximum number of options which can be issued is equal to 10% of the issued and outstanding Class A common and Class A participating preferred shares of the Company. No one individual shall be granted an option which exceeds 5% of the issued and outstanding class A common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the date of grant. Generally, one third of the options granted vest on each of the first, second and third anniversary of the date of the grant. Directors' options generally vest from the date of the grant and expire on the fifth anniversary of the date of the grant.

A summary of the status of the plan is as follows:

	2003		2002	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Options outstanding, beginning of year	563,333	\$ 3.08	442,120	\$ 2.07
Granted	155,000	3.30	323,000	4.00
Exercised	(6,316)	1.71	(166,987)	2.56
Expired	(73,000)	4.00	(34,800)	3.27
Options outstanding, end of year	639,017	\$ 3.02	563,333	\$ 3.08
Options exercisable, end of year	351,950	\$ 2.53	251,889	\$ 2.26

The following table summarizes information regarding stock options outstanding at December 31, 2003:

Exercise Prices	Options outstanding 12/31/2003	Weighted average remaining contractual life	Options exercisable 12/31/2003
\$ 1.50	99,334	0.77 years	99,334
1.75	109,333	1.17 years	109,333
3.00	40,000	3.83 years	—
3.25	29,250	1.33 years	29,250
3.40	115,000	3.33 years	—
4.00	246,100	2.69 years	114,033
	639,017		351,950

(f) Stock-based compensation:

No compensation expense has been recognized when stock options are granted to employees, in accordance with the policy in note 2(l).

The Company is required however to disclose the pro forma net earnings (loss) and earnings (loss) per share information as if the entity had accounted for employee stock options under the fair value method. The fair value of the options issued during the year was determined using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0% (2002 – 0%), risk-free interest rate of 3.9% (2002 – 4.3%), expected volatility of 85% (2002 – 106%) and an expected life of 4 years (2002 – 5 years). The per share weighted-average fair value of stock option granted during 2003 was \$3.30 (2002 - \$4.00) at the date of grant.

The pro forma amounts are indicated below:

	2003	2002
Net income (loss):		
As reported	\$ 3,252,023	\$ (1,610,508)
Pro forma	2,781,749	(2,053,929)
Pro forma basic earnings (loss) per share	\$0.26	(\$0.27)
Pro forma diluted earnings (loss) per share	\$0.25	(\$0.27)

9. Commitments:

The Company has commitments related to operating leases which require the following payments:

2004	\$ 388,300
2005	251,400
2006	252,800
2007	268,100
2008	222,700
	\$ 1,383,300

The Company has letters of credit issued to third parties totaling approximately \$419,000 which expire in 2004.

10. Income taxes:

Future income taxes reflect the impact of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The tax effects of temporary differences that gave rise to significant portions of the future tax asset and future tax liability at December 31, 2003, are as follows:

	2003	2002
Future tax asset:		
Tax effect of loss carryforwards	\$ 5,385,374	\$ 7,624,143
Tax effect of amounts deductible for tax purposes in excess of amounts deductible for accounting purposes	535,909	499,489
Other	1,329,935	532,256
Total gross future tax asset	7,251,218	8,655,888
Less valuation allowance	5,829,827	6,201,242
Net future tax asset	1,421,391	2,454,646
Future tax liability:		
Tax effect of amounts deductible for accounting purposes in excess of amounts deductible for tax purposes	(1,395,758)	(2,153,831)
Other	—	(267,979)
Total gross future tax liability	(1,395,758)	(2,421,810)
Net future tax asset	\$ 25,633	\$ 32,836

The differences in the amounts deductible for tax and accounting purposes relate primarily to differences in the values of capital assets on these bases.

A valuation allowance is provided when it is more likely than not that some or all of the future tax asset will not be realized. The Company has established a valuation allowance for part of the future tax asset attributable to non-capital loss carryforwards, due to the uncertainty of future Company earnings.

At December 31, 2003, approximately \$13.3 million of loss carryforwards and \$0.4 million of tax credits were available in various tax jurisdictions, which expire between 2008 and 2023.

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial income tax rates to the net earnings (loss) before taxes as follows:

	2003	2002
Tax rate	36.6%	38.6%
Expected Canadian income tax expense (recovery)	\$ 1,215,242	\$ (610,076)
Decrease resulting from:		
Change in valuation allowance	(1,048,008)	536,753
Change in Canadian statutory rate	(283,361)	(59,437)
Difference between Canadian statutory rate and those applicable to U.S. and other foreign subsidiaries	106,478	90,632
Large corporations tax and other	77,958	117,128
	\$ 68,309	\$ 75,000

11. Segmented information:

The operations of the Company are in one industry segment: digital mapping and related services.

Geographic segments of sales are as follows:

	2003	2002
Canada	\$ 189,380	\$ 248,829
United States	34,103,358	20,027,211
South and Central America	—	—
Asia/Pacific	3,979,511	1,542,139
Europe	2,283,490	5,085,284
	\$ 40,555,739	\$ 26,903,463

Property and equipment of the Company are located as follows:

	2003	2002
Canada	\$ 8,461,481	\$ 5,580,343
United States	10,096,849	10,045,499
Germany	306,035	272,712
	\$ 18,864,365	\$ 15,898,554

Sales to significant customers are as follows:

	2003	2002
Customer A	\$ 21,593,000	\$ 8,949,000
Customer B	472,000	4,131,000
Customer C	9,222,000	2,683,000
	\$ 31,287,000	\$ 15,763,000

12. Financial instruments:

(a) Concentrations of credit risk:

The Company is exposed to credit related losses on sales to customers outside North America due to potentially higher risks of enforceability and collectibility. The Company seeks to reduce its credit exposure by securing credit and political risk insurance, where available and when deemed appropriate.

(b) Fair values:

The carrying values of cash and cash equivalents, amounts receivable, bank loan and accounts payable and accrued liabilities approximate their fair value given the relatively short periods to maturity of the instruments.

Using an assumed interest rate ranging from 10% to 15%, which represents current market rates of interest to the Company for the same or similar instruments, the fair value of the following instruments based on a discounted cash flow analysis range between:

	2003	2002
Capital lease obligations	\$ 442,300	\$ 413,800
Bank term loan	668,600	548,600
Term loan	1,160,000	992,600



Board of Directors:

(left to right) R. Tingle, C. Marks, L. Garberding,
D. Gardner, B. Bullock, E. Koeller, E. Evans.



Board of Directors

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Calgary, Alberta

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and President of Intermap
Federal Services

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Vice President, Customer Care

Mark Frank
Vice President, Engineering and
Information Technology

Eric DesRoche
Vice President of NEXTMap

Stock Exchange

Intermap Technologies trades
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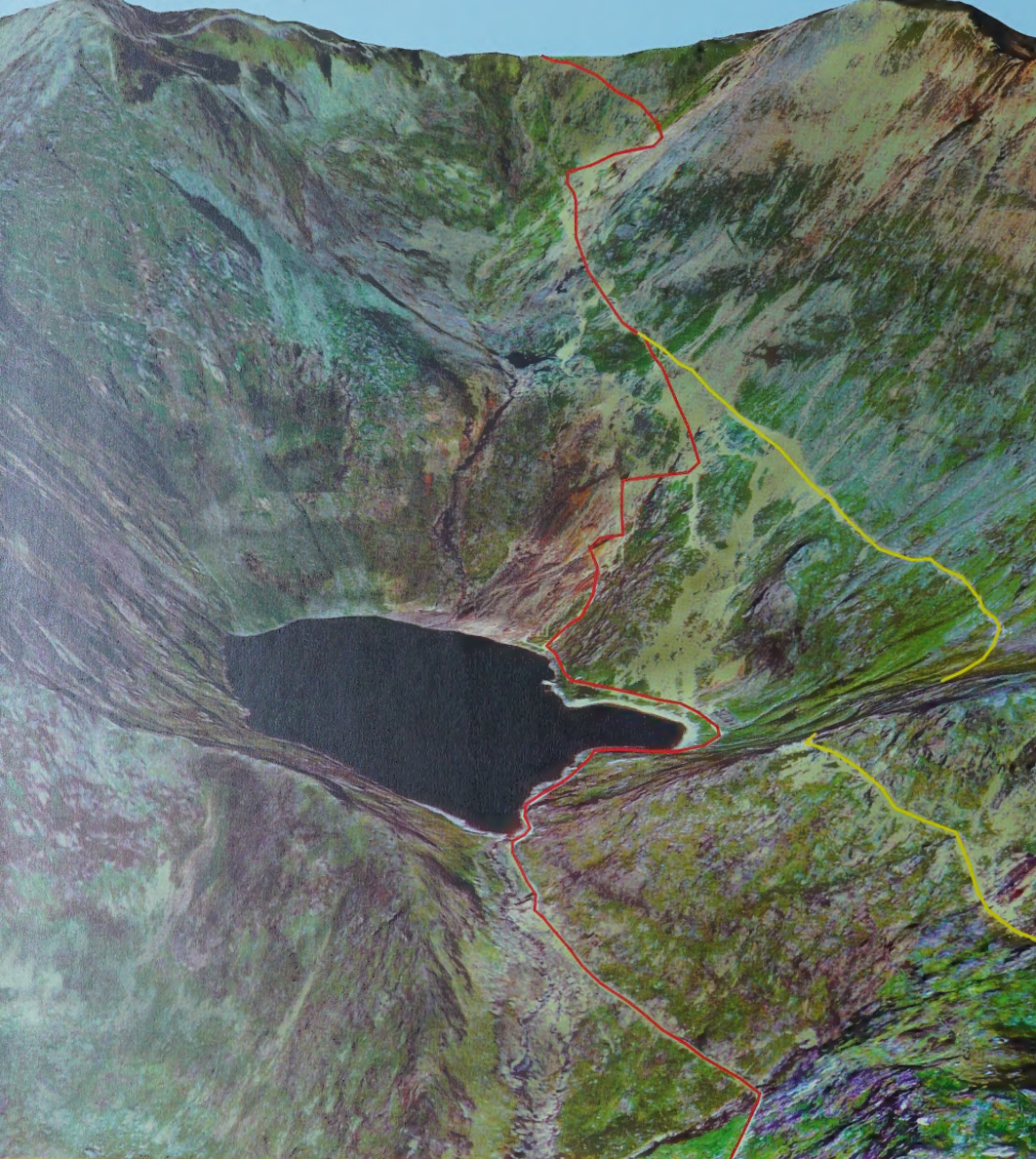
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Annual Meeting

May 18, 2004, at 10:00 am, at
the Xchange Conference Centre
Suite 200, Standard Life Building
639 - 5th Avenue S.W.
Calgary, Alberta



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